



## 94TH GENERAL ASSEMBLY

### State of Illinois

2005 and 2006

HB1563

Introduced 2/14/2005, by Rep. Jay C. Hoffman

#### SYNOPSIS AS INTRODUCED:

625 ILCS 5/3-117.1

from Ch. 95 1/2, par. 3-117.1

Amends the Illinois Vehicle Code. Provides that a vehicle shall be declared salvage if the self insured leasing company that owns the vehicle declares that the vehicle has been damaged to the extent that the company considers it a total loss. Provides that the provision applies to commercial fleet vehicles.

LRB094 07093 DRH 37238 b

1 AN ACT concerning transportation.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Illinois Vehicle Code is amended by changing  
5 Section 3-117.1 as follows:

6 (625 ILCS 5/3-117.1) (from Ch. 95 1/2, par. 3-117.1)

7 Sec. 3-117.1. When junking certificates or salvage  
8 certificates must be obtained.

9 (a) Except as provided in Chapter 4 of this Code, a person  
10 who possesses a junk vehicle shall within 15 days cause the  
11 certificate of title, salvage certificate, certificate of  
12 purchase, or a similarly acceptable out of state document of  
13 ownership to be surrendered to the Secretary of State along  
14 with an application for a junking certificate, except as  
15 provided in Section 3-117.2, whereupon the Secretary of State  
16 shall issue to such a person a junking certificate, which shall  
17 authorize the holder thereof to possess, transport, or, by an  
18 endorsement, transfer ownership in such junked vehicle, and a  
19 certificate of title shall not again be issued for such  
20 vehicle.

21 A licensee who possesses a junk vehicle and a Certificate  
22 of Title, Salvage Certificate, Certificate of Purchase, or a  
23 similarly acceptable out-of-state document of ownership for  
24 such junk vehicle, may transport the junk vehicle to another  
25 licensee prior to applying for or obtaining a junking  
26 certificate, by executing a uniform invoice. The licensee  
27 transferor shall furnish a copy of the uniform invoice to the  
28 licensee transferee at the time of transfer. In any case, the  
29 licensee transferor shall apply for a junking certificate in  
30 conformance with Section 3-117.1 of this Chapter. The following  
31 information shall be contained on a uniform invoice:

32 (1) The business name, address and dealer license

1 number of the person disposing of the vehicle, junk vehicle  
2 or vehicle cowl;

3 (2) The name and address of the person acquiring the  
4 vehicle, junk vehicle or vehicle cowl, and if that person  
5 is a dealer, the Illinois or out-of-state dealer license  
6 number of that dealer;

7 (3) The date of the disposition of the vehicle, junk  
8 vehicle or vehicle cowl;

9 (4) The year, make, model, color and description of  
10 each vehicle, junk vehicle or vehicle cowl disposed of by  
11 such person;

12 (5) The manufacturer's vehicle identification number,  
13 Secretary of State identification number or Illinois  
14 Department of State Police number, for each vehicle, junk  
15 vehicle or vehicle cowl part disposed of by such person;

16 (6) The printed name and legible signature of the  
17 person or agent disposing of the vehicle, junk vehicle or  
18 vehicle cowl; and

19 (7) The printed name and legible signature of the  
20 person accepting delivery of the vehicle, junk vehicle or  
21 vehicle cowl.

22 The Secretary of State may certify a junking manifest in a  
23 form prescribed by the Secretary of State that reflects those  
24 vehicles for which junking certificates have been applied or  
25 issued. A junking manifest may be issued to any person and it  
26 shall constitute evidence of ownership for the vehicle listed  
27 upon it. A junking manifest may be transferred only to a person  
28 licensed under Section 5-301 of this Code as a scrap processor.  
29 A junking manifest will allow the transportation of those  
30 vehicles to a scrap processor prior to receiving the junk  
31 certificate from the Secretary of State.

32 (b) An application for a salvage certificate shall be  
33 submitted to the Secretary of State in any of the following  
34 situations:

35 (1) When an insurance company makes a payment of  
36 damages on a total loss claim for a vehicle, the insurance

1 company shall be deemed to be the owner of such vehicle and  
2 the vehicle shall be considered to be salvage except that  
3 ownership of (i) a vehicle that has incurred only hail  
4 damage that does not affect the operational safety of the  
5 vehicle or (ii) any vehicle 9 model years of age or older  
6 may, by agreement between the registered owner and the  
7 insurance company, be retained by the registered owner of  
8 such vehicle. The insurance company shall promptly deliver  
9 or mail within 20 days the certificate of title along with  
10 proper application and fee to the Secretary of State, and a  
11 salvage certificate shall be issued in the name of the  
12 insurance company. An insurer making payment of damages on  
13 a total loss claim for the theft of a vehicle may exchange  
14 the salvage certificate for a certificate of title if the  
15 vehicle is recovered without damage. In such a situation,  
16 the insurer shall fill out and sign a form prescribed by  
17 the Secretary of State which contains an affirmation under  
18 penalty of perjury that the vehicle was recovered without  
19 damage and the Secretary of State may, by rule or  
20 regulation, require photographs to be submitted.

21 (1.1) When a self insured leasing company declares that  
22 a vehicle it owns has been damaged to the extent that the  
23 self insured leasing company considers the vehicle a total  
24 loss, the vehicle shall be considered to be salvage.

25 (2) When a vehicle the ownership of which has been  
26 transferred to any person through a certificate of purchase  
27 from acquisition of the vehicle at an auction, other  
28 dispositions as set forth in Sections 4-208 and 4-209 of  
29 this Code, a lien arising under Section 18a-501 of this  
30 Code, or a public sale under the Abandoned Mobile Home Act  
31 shall be deemed salvage or junk at the option of the  
32 purchaser. The person acquiring such vehicle in such manner  
33 shall promptly deliver or mail, within 20 days after the  
34 acquisition of the vehicle, the certificate of purchase,  
35 the proper application and fee, and, if the vehicle is an  
36 abandoned mobile home under the Abandoned Mobile Home Act,

1 a certification from a local law enforcement agency that  
2 the vehicle was purchased or acquired at a public sale  
3 under the Abandoned Mobile Home Act to the Secretary of  
4 State and a salvage certificate or junking certificate  
5 shall be issued in the name of that person. The salvage  
6 certificate or junking certificate issued by the Secretary  
7 of State under this Section shall be free of any lien that  
8 existed against the vehicle prior to the time the vehicle  
9 was acquired by the applicant under this Code.

10 (3) A vehicle which has been repossessed by a  
11 lienholder shall be considered to be salvage only when the  
12 repossessed vehicle, on the date of repossession by the  
13 lienholder, has sustained damage by collision, fire,  
14 theft, rust corrosion, or other means so that the cost of  
15 repairing such damage, including labor, would be greater  
16 than 33 1/3% of its fair market value without such damage.  
17 If the lienholder determines that such vehicle is damaged  
18 in excess of 33 1/3% of such fair market value, the  
19 lienholder shall, before sale, transfer or assignment of  
20 the vehicle, make application for a salvage certificate,  
21 and shall submit with such application the proper fee and  
22 evidence of possession. If the facts required to be shown  
23 in subsection (f) of Section 3-114 are satisfied, the  
24 Secretary of State shall issue a salvage certificate in the  
25 name of the lienholder making the application. In any case  
26 wherein the vehicle repossessed is not damaged in excess of  
27 33 1/3% of its fair market value, the lienholder shall  
28 comply with the requirements of subsections (f), (f-5), and  
29 (f-10) of Section 3-114, except that the affidavit of  
30 repossession made by or on behalf of the lienholder shall  
31 also contain an affirmation under penalty of perjury that  
32 the vehicle on the date of sale is not damaged in excess of  
33 33 1/3% of its fair market value. If the facts required to  
34 be shown in subsection (f) of Section 3-114 are satisfied,  
35 the Secretary of State shall issue a certificate of title  
36 as set forth in Section 3-116 of this Code. The Secretary

1 of State may by rule or regulation require photographs to  
2 be submitted.

3 (4) A vehicle which is a part of a fleet of more than 5  
4 commercial fleet vehicles registered in this State or any  
5 other state or registered proportionately among several  
6 states shall be considered to be salvage when such vehicle  
7 has sustained damage by collision, fire, theft, rust,  
8 corrosion or similar means so that the cost of repairing  
9 such damage, including labor, would be greater than 33 1/3%  
10 of the fair market value of the vehicle without such  
11 damage. If the owner of a commercial fleet vehicle desires  
12 to sell, transfer, or assign his interest in such vehicle  
13 to a person within this State other than an insurance  
14 company licensed to do business within this State, and the  
15 owner determines that such vehicle, at the time of the  
16 proposed sale, transfer or assignment is damaged in excess  
17 of 33 1/3% of its fair market value, the owner shall,  
18 before such sale, transfer or assignment, make application  
19 for a salvage certificate. The application shall contain  
20 with it evidence of possession of the vehicle. If the  
21 commercial fleet vehicle at the time of its sale, transfer,  
22 or assignment is not damaged in excess of 33 1/3% of its  
23 fair market value, the owner shall so state in a written  
24 affirmation on a form prescribed by the Secretary of State  
25 by rule or regulation. The Secretary of State may by rule  
26 or regulation require photographs to be submitted. Upon  
27 sale, transfer or assignment of the commercial fleet  
28 vehicle the owner shall mail the affirmation to the  
29 Secretary of State.

30 As used in this Section, a "commercial fleet vehicle" means  
31 any motor vehicle that is a part of a fleet of more than 5  
32 vehicles of the second division that are used in commercial  
33 activity.

34 (5) A vehicle that has been submerged in water to the  
35 point that rising water has reached over the door sill and  
36 has entered the passenger or trunk compartment is a "flood

1 vehicle". A flood vehicle shall be considered to be salvage  
2 only if the vehicle has sustained damage so that the cost  
3 of repairing the damage, including labor, would be greater  
4 than 33 1/3% of the fair market value of the vehicle  
5 without that damage. The salvage certificate issued under  
6 this Section shall indicate the word "flood", and the word  
7 "flood" shall be conspicuously entered on subsequent  
8 titles for the vehicle. A person who possesses or acquires  
9 a flood vehicle that is not damaged in excess of 33 1/3% of  
10 its fair market value shall make application for title in  
11 accordance with Section 3-116 of this Code, designating the  
12 vehicle as "flood" in a manner prescribed by the Secretary  
13 of State. The certificate of title issued shall indicate  
14 the word "flood", and the word "flood" shall be  
15 conspicuously entered on subsequent titles for the  
16 vehicle.

17 (c) Any person who without authority acquires, sells,  
18 exchanges, gives away, transfers or destroys or offers to  
19 acquire, sell, exchange, give away, transfer or destroy the  
20 certificate of title to any vehicle which is a junk or salvage  
21 vehicle shall be guilty of a Class 3 felony.

22 (d) Any person who knowingly fails to surrender to the  
23 Secretary of State a certificate of title, salvage certificate,  
24 certificate of purchase or a similarly acceptable out-of-state  
25 document of ownership as required under the provisions of this  
26 Section is guilty of a Class A misdemeanor for a first offense  
27 and a Class 4 felony for a subsequent offense; except that a  
28 person licensed under this Code who violates paragraph (5) of  
29 subsection (b) of this Section is guilty of a business offense  
30 and shall be fined not less than \$1,000 nor more than \$5,000  
31 for a first offense and is guilty of a Class 4 felony for a  
32 second or subsequent violation.

33 (e) Any vehicle which is salvage or junk may not be driven  
34 or operated on roads and highways within this State. A  
35 violation of this subsection is a Class A misdemeanor. A  
36 salvage vehicle displaying valid special plates issued under

1 Section 3-601(b) of this Code, which is being driven to or from  
2 an inspection conducted under Section 3-308 of this Code, is  
3 exempt from the provisions of this subsection. A salvage  
4 vehicle for which a short term permit has been issued under  
5 Section 3-307 of this Code is exempt from the provisions of  
6 this subsection for the duration of the permit.

7 (Source: P.A. 92-751, eff. 8-2-02.)